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Letter dated 25 September 2015 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999) and 1989 (2011) concerning Al-Qaida and associated individuals and entities addressed to the President of the Security Council

I have the honour to transmit herewith a Chair's summary of the assessment by the Analytical Support and Sanctions Monitoring Team of the impact of the measures imposed in Security Council resolution 2199 (2015), which was submitted to the Security Council Committee pursuant to resolutions 1267 (1999) and 1989 (2011) concerning Al-Qaida and associated individuals and entities, pursuant to paragraph 30 of resolution 2199 (2015).

I should be grateful if the present letter and the Chair's summary could be brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Gerard **van Bohemen**
Chair
Security Council Committee pursuant to resolutions 1267 (1999) and 1989 (2011) concerning Al-Qaida and associated individuals and entities

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Assessment by the Analytical Support and Sanctions Monitoring Team of the impact of the measures imposed in Security Council resolution 2199 (2015), pursuant to paragraph 30 of the resolution: Chair's summary

Introduction

1. In its resolution 2199 (2015), the Security Council requested the Analytical Support and Sanctions Monitoring Team to conduct an assessment of the impact of the measures imposed in the resolution and to report to the Security Council Committee pursuant to resolutions 1267 (1999) and 1989 (2011) concerning Al-Qaida and associated individuals and entities within 150 days. The impact assessment of the Monitoring Team was presented to the Committee at informal consultations on 11 August 2015. As the impact assessment provided to the Committee was based in part on information provided by Member States on a confidential basis, and after discussion in the Committee, a high-level Chair's summary has been prepared in lieu of the transmission of the full report to the Security Council. The Monitoring Team will continue to report on the impact of the measures introduced under resolution 2199 (2015) in its regular reports, which will continue to be transmitted to the Council in full, in conformity with the usual practice. Furthermore, all other Council-mandated Monitoring Team reports in the future will also be published.

Summary of impact assessment

2. The Monitoring Team reported to the Committee on its impact assessment and pointed out that resolution 2199 (2015) had had a noteworthy effect in raising awareness concerning the revenue generation of the Islamic State in Iraq and the Levant (ISIL), listed as Al-Qaida in Iraq (QDe.115), and of the Al-Nusrah Front for the People of the Levant (ANF) (QDe.137), and in galvanizing Member States. This is especially the case with respect to the smuggling of antiquities and efforts to prevent ISIL and ANF from gaining access to the international financial system.

3. ISIL finances are mainly derived internally, are diversified and vertically integrated to maximize profits, and remain robust. There may also be a "balloon effect": as pressure is applied to one of its income streams, ISIL may increase efforts to obtain income from other sources. The finances of ANF are more obscure than those of ISIL and more reliant on external sources.

4. The extortion methods of ISIL appear to be well organized and systematic. ISIL places "taxes" on utilities, government salaries and pensions, businesses, financial transactions and cash withdrawals from banks. It charges its version of "customs duties" and levies "tolls" at checkpoints. After confiscating property, ISIL auctions it off or rents it. ISIL also demands "charity" from the population as well as a "*jizyah*" tax on minorities in territory under its control.

5. ISIL currently generates income from oil at various points in the value chain. Owing to the destruction of modular refineries, ISIL has been forced to rely on less efficient and wasteful refining methods. The increased dependence of ISIL on rudimentary refining methods underlines the importance of Member States ensuring that modular refineries and related material, such as replacement parts, are prevented from being made available for its benefit, as required by paragraph 1 of

resolution 2161 (2014) and emphasized in paragraph 9 of resolution 2199 (2015). One challenge that has been identified relates to the identification of seized amounts of crude oil as related to ISIL or ANF in accordance with paragraph 12 of resolution 2199 (2015).

6. Although the illicit trafficking of cultural heritage from Iraq and the Syrian Arab Republic has been going on for years, the activities of ISIL and ANF have significantly increased the scale of this problem and risk. However, credible estimates related to the smuggling of antiquities by ISIL are currently unavailable. ISIL is increasingly organizing this illicit trade in a quasi-bureaucratic manner. The group generates revenue at various steps of the process. It demands a fee for granting permits to looters and excavators and "taxes" the antiquities excavated and smuggled out of its territory on the basis of their estimated value. Looting and excavation are done using heavy machinery and more portable metal detectors. ANF also appears to derive some income from the smuggling of antiquities, although this appears to be less pervasive.

7. The Monitoring Team identified six major challenges that complicate the effective implementation of sanctions provisions aimed at curbing the ability of ISIL and ANF to generate assets through the illicit trade in stolen and looted artefacts:

(a) Lack of documentation on antiquities constitutes a problem for Member States' investigations. It is important that the documentation of seizures by Member States include details such as the date and the location of the seizure and the origin of the artefacts;

(b) Collectors, art dealers and auction houses are the last "line of defence" against the sale of illegal artefacts. Therefore, effective development of regulations concerning the implementation of private sector due diligence measures remains a challenge;

(c) The risk of terrorism financing is significant in the trading of illicit artefacts. Therefore, further attention on the part of relevant Member State authorities with respect to this issue might potentially increase the practical effects of sanctions;

(d) While, on the one hand, safe havens for antiquities outside Iraq and the Syrian Arab Republic offer the potential to ensure that stolen and looted artefacts are preserved, they could, on the other hand, inadvertently increase the size of the market for illicit antiquities;

(e) Unlike oil-related interdictions, reporting on seizures of illegally removed cultural artefacts, although covered by the general reporting requirement under paragraph 29 of resolution 2199 (2015), is not stipulated as a specific reporting obligation for Member States under the resolution. Encouraging Member States to report seizures of cultural artefacts illegally removed from Iraq and the Syrian Arab Republic could improve the analysis of this issue;

(f) Encouraging Member States to propose listings of ISIL- or ANF-related individuals and entities involved in the illicit trade in antiquities by ISIL and ANF could potentially increase the effectiveness of the implementation of the provisions of resolution 2199 (2015).

8. With regard to the issue of kidnapping for ransom, the brutal and public murders of hostages by ISIL may signal that it is potentially less dependent on this fundraising tactic for now, but that could change as other sources diminish and/or ISIL is able to capture further hostages. ANF has also raised funds through kidnapping for ransom. Thus, it continues to be important to remind Member States that obligations under resolution 2161 (2014) apply to the payment of ransoms to listed groups, as reaffirmed in paragraph 19 of resolution 2199 (2015).

9. A small percentage of ISIL income is generated through external donations. ANF, on the other hand, is more dependent on such donations. A recent listing by the Committee of a non-governmental organization with ties to ANF demonstrates the continued abuse of the charitable sector by terrorist groups. This underlines the importance of paragraph 22 of resolution 2199 (2015), in which the Security Council urged Member States to address that issue directly through enhanced vigilance of the international financial system and by working with their non-profit and charitable organizations to ensure that financial flows through charitable giving are not diverted to ISIL, ANF or any other individuals, groups, undertakings and entities associated with Al-Qaida.

10. In paragraph 23 of resolution 2199 (2015), which is focused on the access of ISIL and ANF to the international financial system, the Security Council urged Member States to take measures to ensure that financial institutions within their territory block such access. Member States have taken measures to address this issue. Furthermore, the informal alternative remittance sector remains a concern.

11. According to information obtained for the impact assessment, ISIL and ANF continue to be very well supplied with conventional weapons. Despite the ongoing fighting, there is currently no indication that either ISIL or ANF experiences shortages in arms, ammunition, equipment, vehicles, spare parts or components used in the manufacture of improvised explosive devices.

12. While the humanitarian community has indicated some chilling effects caused by sanctions in general, no concrete information links those effects specifically to resolution 2199 (2015) and the sanctions measures imposed therein. Such chilling effects can be dissipated, or at least minimized, through information-sharing on sanctions, outreach to donors and coordination between stakeholders in the implementation of the sanctions and humanitarian aid agencies.